

The complaint

Mr W complained about Halifax Share Dealing Limited T/A Lloyds Bank Direct Investments (Lloyds). He said Lloyds failed to inform him that he was unable to trade in shares he held on an account with it. He said he was unable to sell the shares when he went to and has lost out because of this.

Mr W said Lloyds should compensate him for investment losses and for the distress and inconvenience it has caused him.

What happened

Mr W transferred shares in Zurich Insurance into a Lloyds trading account in 2012. He said he opened this account for the sole purpose of it holding these shares, so that in the future he could sell them, at a time of his choosing.

In September 2023, Mr W decided to sell his Zurich shares but when he tried to do so, he was told by Lloyds that it was unable to do so. It told him that it no longer trades in the Swiss market and has been unable to do so since 2019.

Mr W said he was advised that he could either donate his shares or transfer them to another broker that does trade in the Swiss market. Mr W said he had been denied the opportunity to sell his shares at the time he wanted to do so. He said he only opened the account with Lloyds for this purpose and it should have informed him that he had been unable to sell his shares since 2019. He said it should have done this, but instead didn't and carried on charging him fees. He complained to Lloyds about this.

Lloyds said in response that in July 2019, the Swiss stock market was removed from the European economic area. It said because of this change, Lloyds was unable to trade on shares in the Swiss market, including shares in Zurich.

Lloyds said it's not feasible to inform its customers of all changes that happen. It said companies change markets so often that it doesn't have the resources to write to customers about this. It said it offers self-managed accounts as execution only so expects customers to carry out their own research and to keep up to date with news on their shares.

Lloyds said it can confirm it made its costs and charges clear to Mr W and has correctly applied them to his account. It said it gave him two options: to either donate his shares or transfer them to a broker that does trade on the Swiss market. It said it didn't feel it had done anything wrong.

I issued a provisional decision on this complaint in March 2024. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

"I am currently not upholding Mr W's complaint, and I will explain why."

Mr W has told our service he opened his Lloyds trading account in 2012 with the sole purpose of keeping his Zurich shares in it. He has made it clear that he had no intention of using the trading account for any other purpose.

Mr W found out in September 2023, when he decided to sell them that he was unable to. He had been unable to trade in them since July 2019, due to a change enacted by the Swiss authorities, that meant shares held on its stock exchange were no longer able to be traded by brokers in EU countries (the UK was a member in 2019). This included Lloyds and so from this date, a decision was made, not by it, where it was unable to trade in any stock held on the Swiss stock market.

Mr W said he should have been made aware of this from July 2019. He said the issue he has is not about the Swiss market being removed from the European Economic Area, it is about Lloyds not notifying him about it or its trading restriction. He points to regulation and in particular the Financial Conduct Authority's principle about communicating with clients. He said it should have told him what was happening so he could make an informed decision about it.

I acknowledge the points Mr W has made. I understand that he had only opened an account with Lloyds because he wanted somewhere to hold his Zurich shares. I can see that the developments in July 2019 regarding the Swiss market was something that Mr W would have wanted to have been made aware of.

That said, I also need to keep in mind that Mr W had signed up to an 'execution only' account. Lloyds said it does not consider it is obliged to inform its customers of all developments including wider geo-political ones and doesn't have the resources to do so. It said Mr W needed to keep himself informed about his shares and news relating to it. It said it doesn't think it has breached its customer agreement or terms with Mr W.

I have read the client agreement and the terms provided and can see that Lloyds has been clear in its documentation to distinguish the functions of an execution only account from that of a discretionary or advisory service. I understand what it is saying about what its obligations are and also how an execution only account functions. That said, in the circumstances of this complaint, I think it had regulatory duties to pay due regard to Mr W's information needs. I am currently minded to conclude that it could have done better and communicated clearer what was happening with Mr W. After all, it had been providing a service to him and then from July 2019, it wasn't able to do so. I think this scenario goes beyond it communicating up to date news about investments and is specifically about the services that Lloyds were or in this case were not able to provide.

I appreciate Lloyds updated its website regarding where Mr W could trade and where he couldn't, but I think it could've communicated that it was no longer specifically providing a service relating to Swiss stock. This being something relevant to Mr W as a holder of Swiss stock on one of its accounts.

That said, I am not currently persuaded that Mr W has lost out by Lloyds not providing clearer information to him any sooner than when he found out what was happening.

Mr W went to sell his Zurich shares in September 2023. Up to this point, Mr W was happy for Lloyds to hold his Zurich shares on account. I haven't read anything that would suggest to me that Mr W would have sold his shares before September 2023. So, I don't think Mr W has lost out here or paid any additional fees: he would have in any circumstance paid fees for a broker to hold his shares on account up to this point.

Lloyds were from July 2019, not able to trade in Mr W's shares and this situation hadn't changed. So, from this point, Mr W was always going to need to transfer his shares out to a different broker, with all that this would entail. Being told sooner by Lloyds, wouldn't have changed the task that faced Mr W. He still needed to move his shares to a broker that could sell them, whether this be in July 2019 or anytime up to the point when he did. So, I don't think Mr W has lost out here, the costs and time spent would have been the same to Mr W, regardless of when he found out or was told.

Mr W said he was looking to sell his shares in September 2023 as he needed the money for something specific at that time. He ended up using money from his savings instead. He then transferred his shares in October 2023, and he still holds the shares with another broker. I can see that Mr W chose an alternative way to cover the money that he needed at the time and then decided to hold onto his shares and is now monitoring them. Again, I can't see that he has lost out here either. His shares in Zurich have gone up in value so overall Mr W is in a better position than he would have been if he had sold his shares in September 2023.

I appreciate Mr W wasn't able to sell his shares exactly when he wanted to in September 2023, but he put in alternative ways to cover what he needed. I can see that he chose not to sell his shares a short time afterwards. I appreciate this may have caused some inconvenience but when I consider the position Mr W is in overall, a better one, I don't consider this merits any compensation.

I appreciate this won't be the outcome that Mr W is looking for and I acknowledge the strength of feeling in his submissions up to now. But I have needed to consider what on balance, is fair and reasonable. In doing so, in conclusion, I currently don't uphold Mr W's complaint."

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision. Both parties didn't respond by the deadline.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Neither party has responded so there isn't anything further that I feel I need to comment on or that will change the outcome of this complaint. So, because of this, I don't see any reason to depart from my findings within my provisional decision. So, I don't uphold Mr W's complaint.

My final decision

My final decision is that I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 7 May 2024.

Mark Richardson
Ombudsman